

**STATE OF INDIANA
AMENDMENT #8 TO ACTION PLAN
FOR CDBG SUPPLEMENTAL DISASTER RECOVERY FUNDS
(IHEDA Method of Distribution Only)**

U.S. Department of Housing and Urban Development
Docket No. FR-5256-N-01
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APPENDIX C: IHCD Method of Distribution

METHOD OF DISTRIBUTION

Indiana identified four program areas on which to focus housing related activities: 1) emergency housing plans; 2) rental housing finance; 3) flood plain acquisition and green space development; and 4) owner-occupied repair. Per Federal Register dated February 13, 2009, state's may utilize local units of government or subrecipients to carry out eligible activities. Indiana plans to utilize both partners to ensure that communities are getting the solutions most desired. A description of each of the program areas is provided below.

Emergency Housing Plans

Indiana proposes to use \$1.5M (\$15k per county) for County Emergency Housing Plans. During the 2008 floods it became apparent that county wide housing disaster plans would provide great assistance in determining potential emergency shelter points, identifying short term and long term rental housing resources including hotels, motels, single family landlords and apartment owners. Establishing upfront relationships with these partners and processes in the event of a future disaster is of vital importance in ensuring a successful and timely response. The Indiana Department of Homeland Security will be the subrecipient under this program and utilize these funds for the creation of emergency housing plans in eligible counties throughout the state.

Allocation: \$1,500,000

Eligible Entity: Indiana Department of Homeland Security, Subrecipient

Geography: Eligible counties throughout Indiana

Rental Housing Finance Fund

The state of Indiana plans to invest \$44,350,000 to develop affordable rental properties in communities devastated by the disasters of 2008. The rental markets in many of the communities impacted the most suffered from an under supply of units and excessive demand from income-restricted households.

Utilizing CDBG Disaster Recovery Funds to replace and expand rental opportunities in these communities meets two key objectives: 1) allows existing residents to remain in the community; and 2) provides a ready supply of housing alternatives for a service sector workforce that previously could not

afford to reside in the community. Funds may also be used to finance offsite infrastructure that is requisite for a housing development that is financed by IHCD as well as to make capital improvements that reduce the energy consumption and operating costs of emergency shelters supported by IHCD.

The Rental Housing Finance Program has no maximum grant amount. Applications will be awarded on an ongoing basis until all funds are expended.

Allocation: \$44,350,000

Eligible Entity: Local units of Government and Subrecipients

Geography: Eligible counties throughout Indiana

Flood Plain Acquisition and Green Space Development

IHCD, in coordination with the Indiana Department of Homeland Security (IDHS), proposes to provide grants that allow cities, towns, and counties to acquire and demolish substantially damaged residential properties contained within a floodplain or floodway and to redevelop the area into permanent green space for community use. The voluntary program must be initiated by a local community and be agreed to by individual homeowners.

In order to be considered for mitigation funds, communities must have a state-approved hazard mitigation plan or a FEMA-approved multi-hazards mitigation plan. The Indiana Department of Homeland Security has provided grants to the 42 counties impacted by the floods to complete these plans. To expedite the federal process, FEMA has given approval for communities to apply for mitigation funds while they assemble their multi-hazards plans. Interested communities must submit a joint grant application to IDHS.

This appropriation of Disaster Recovery Funds will not be used for the 25% non-federal match requirement under FEMA's Hazard Mitigation Grant Program. Rather it will be used to fill the mortgage gap that is created by shortfalls in FEMA payout or to purchase state-approved mitigation properties. This use will ensure that homeowners have the necessary funds to obtain suitable replacement housing. Local communities in coordination with IDHS will determine the gap each homeowner may experience or the cost of the buyout property. Communities may also use these funds to repurpose the mitigation area into usable green space for community residents.

In addition, IHCD, may provide a portion of this funding directly to cities, towns, and counties, independently of FEMA and IDHS, to allow these communities acquire and demolish substantially damaged residential properties contained within a floodplain or floodway and to redevelop the area into permanent green space for community use. Communities will apply for these funds through IHCD and must have a hazard mitigation plan approved by IHCD. These funds will be used to fill the

mortgage gap that is created by shortfalls in FEMA payout or to purchase state-approved mitigation properties and repurpose the mitigation area into usable green space for community residents. This use will ensure that homeowners have the necessary funds to obtain suitable replacement housing. These applications will be reviewed by IHCD.

The Flood Plain Acquisition and Green Space Development Program has no maximum grant amount. Applications will be awarded on an ongoing basis until all funds are expended.

Allocation: \$5,000,000

Eligible Entity: Local units of government and Subrecipients

Geography: Eligible counties throughout Indiana

DREF Category: B

DREF Eligible Activities: \$5,000,000

Owner-Occupied Rehabilitation Fund

The state of Indiana plans to invest \$23,000,000 in the rehabilitation of owner-occupied homes in communities devastated by the disasters of 2008. The owner-occupied markets in many of the communities have lagged due to eligibility criteria for and funding caps in federal assistance. Repairs under this program are intended to remediate health and safety issues (e.g., mold), reduce energy consumption, and improve accessibility and visitability.

Utilizing CDBG Disaster Recovery Funds to rehabilitate owner-occupied homes in these communities meets two key objectives: 1) allow existing residents to return or to remain in the community; and 2) assist owner-occupied victims of the disaster that were not made whole or did not receive rehabilitation funds from FEMA.

The Owner-Occupied Rehabilitation Program has no maximum grant amount. Applications will be awarded on an ongoing basis until all funds are expended.

Allocation: \$23,000,000

Eligible Entity: Local units of government and Subrecipients

Geography: Eligible counties throughout Indiana

Community Revitalization Fund

The State of Indiana plans to invest \$15,000,000 to supplement the States current NSP projects, Stellar Communities, or projects in neighborhoods where comprehensive development opportunities have been identified through a local planning process. Community revitalization funds are used to marshal disparate resources and to deploy comprehensive strategies in a concentrated footprint that will serve as a catalyst for additional investment. Funds will be used for demolition of blighted structures, the rehabilitation of housing units, commercial façade and infrastructure improvements.

The Community Revitalization Program has no maximum grant amount. Applications will be awarded on an ongoing basis until all funds are expended.

Allocation: \$15,000,000

Eligible Entity: Local units of government and Subrecipients

Geography: Eligible counties throughout Indiana

Emergency Rental Assistance

From the beginning of the disaster, under the leadership of Governor Daniels, IHCD took an active role in ensuring that those victims of the floods were adequately housed as soon as possible. To that end, IHCD made a commitment to provide temporary housing for all displaced victims. For displaced flood victims that were ineligible to receive FEMA assistance, IHCD committed to paying any necessary security deposit and three (3) months' rent. For all of those who were deemed eligible to receive FEMA assistance, IHCD committed to paying any necessary security deposit. IHCD spent approximately \$650,000.00 in temporary rental assistance to property owners to ensure the immediate housing of those displaced by the floods. The State would request that a portion of the CDBG Disaster Recovery Funds be used to reimburse IHCD for these up-front costs.

Allocation: \$650,000

Eligible Entity: Local units of government and Subrecipients

Geography: Eligible counties throughout Indiana

Local Grantee General Administration

IHCDA will set aside \$870,957 of its CDBG Disaster Recovery funds for payment of local costs associated with administering the Supplemental Disaster grants. These funds will be used by the local grantee for general administrative expenses associated with administering the CDBG funded project.

Allocation: \$870,957

OVERVIEW

Federal Register Vol. 74, No. 29 also provided that a state's Plan for Disaster Recovery be consistent with its Consolidated Plan upon updating said plan following the disaster event. As such, housing programs within Indiana Plan for Disaster Recovery will follow the latest Method of Distribution outlined in the state's Consolidated Plan. The sole exception to this provision is the County Emergency Housing Plan initiative. Local Units of Government and Subrecipients interested in obtaining funds for rental housing finance, floodplain acquisition and green space development, and/or owner-occupied repair must follow IHCDA's Solutions Application Process. Applications must meet one or more of the strategic priorities identified in the state's Consolidated Plan when carrying out a proposed activity. Applicants may apply for more than one activity within an application.

IHCDA creates housing opportunity, generates and preserves assets, and revitalizes neighborhoods by investing technical and financial resources into the development efforts of its partners across Indiana. Within this framework, IHCDA seeks partnerships that offer solutions to community challenges. As evidenced from the socio-demographic data and the survey results included in this Consolidated Plan, IHCDA has identified the following strategic priorities for its investment decisions: comprehensive development, aging in place, ending homelessness, and high performance building.

Comprehensive Community Development

While the opportunities and challenges may vary from Adeyville to Angola or Patriot to Peru, every community strives to be a place people choose to live, work, and play. Comprehensive development recognizes that a community's potential lies in the identification and creation of a shared vision, planned by local leadership, and carried out by a wide array of partners. When successful, it yields results beyond what can be achieved by individual organizations or disparate programs because the value they add to each other.

A thriving community is a community with job opportunities, strong schools, safe neighborhoods, diverse housing, and a vibrant culture. Comprehensive development marshals resources and deploys comprehensive strategies in a concentrated footprint to serve as a catalyst for community vitality. The demolition of blighted structures, the rehabilitation of housing units, and the creation of new uses such as recreational amenities, retail services, or employment centers serve as a tipping point for future development by market forces.

Aging in Place

Aging in place refers to adapting our living environment for aging in place involving home modifications which can make it safer, more comfortable, and increases the likelihood of remaining independent and living where you have lived for years by using products, services, and conveniences which allow you to remain in your home as circumstances change.

Ending Homelessness

It is in no one's best interest to manage homelessness. IHCD and its partners are focused on systematically preventing and ending homelessness for those most vulnerable in our communities. By identifying an individual's or family's barriers to self-sufficiency and targeting the most appropriate housing solution, the number of people that enter and the duration of time they spend in the homeless delivery system can be minimized.

For the chronically homeless, those who cycle through health care institutions and correctional facilities seeking services and shelter, linking services with housing provides them stability and reduces the burden on other community systems. At the end of the day, our collective goal is to ensure that everyone has a place to call home.

High Performance Building

How we create community solutions is equally as important to what solutions are desired. High performance building integrates with and optimizes the surrounding environment through architectural and site design, construction techniques and materials, as well as resource use and recovery. Done right, high performance building while maximizes quality and durability by minimizing environmental impacts and operating costs.

IHCD's commitment to investing in community solutions meant its method of distributing a variety of resources had to fundamentally change. Traditionally IHCD was organized around pots of money. Applications were linked to a discrete funding source. The move to funding solutions places the focus on the strategic fit of a proposed activity, the strength of the sponsor and its development team, and the financial feasibility and readiness of the development. As a result, IHCD has created a single allocation and

investment process that bundles a variety of federal and state resources including but not limited to CDBG and HOME Investment Partnerships Program funds. The following pages outline the method of distribution IHCD will follow regarding eligible, threshold and evaluation criteria, and funding limits.

Submission Process

The Solutions Application will be available on IHCD's [website](#) beginning July 1, 2010. The application replaces IHCD's old, disparate CDBG, HOME, and Affordable Housing and Community Development Fund applications.

Applications are welcomed on a first-come, first-served basis, beginning July 1, 2010 and ending June 30, 2011. **Faxed or e-mailed applications will not be accepted.**

The applicant must submit the following:

- ☐ Via CD-ROM:
 - ☐ One (1) completed electronic copy of the application forms
- ☐ Via hard copy:
 - ☐ All forms that require original signatures
 - ☐ All supporting documents required in the tabs

All applicants must retain a copy of this application package. Applicants that receive funding will be bound by the information contained herein.

Submit application packages to:

Indiana Housing and Community Development Authority
Attn: Community Development Department

30 South Meridian Street, Suite 1000
Indianapolis, IN 46204

IHCD's office is located on the 1^{0th} Floor of 30 South Meridian Street. A map showing IHCD's location, along with directions to the building is available in the Appendices.

Technical Assistance Meeting

The applicant may schedule a technical assistance meeting with their IHCD Community Development Representative to discuss both the proposed development and IHCD's application process. A technical assistance meeting can be face-to-face or via an IHCD webinar. Given that applications will be accepted

on a first-come, first-served basis, applicants are urged to contact IHCD early in the planning process to obtain guidance and technical assistance.

Eligible Activities and Applicants

Applicants are encouraged to engage in an array of activities* necessary to attain the solutions desired by a community.

- Pre-development and seed financing – limited to eligible nonprofits
- Operating capacity grants – limited to eligible nonprofits
- Permanent Supportive Housing – Applicants must participate in the Indiana Permanent Supportive Housing Institute to be considered for an IHCD investment.
- Rental assistance
- Acquisition, rehabilitation, guarantees, refinance, or (re)construction of rental housing
- Homeownership counseling and down payment assistance
- Acquisition, rehabilitation, guarantees, refinance, or (re)construction of homebuyer housing
- Rehabilitation, modification, and energy improvements to owner-occupied housing.

Eligible applicants include cities, towns, counties, townships, public housing authorities, CHDO's, and not-for-profit 501(c)3 or 501(c)4 corporations, and for-profit developers in good standing with IHCD.**

Except for permanent supportive housing projects, activities located within a participating jurisdiction or entitlement community must demonstrate equal and comparable financing from the local unit of government to be considered for an IHCD investment.

Organizations that are religious or faith-based are eligible to participate in IHCD programs on the same basis as any other organization. Organizations that are directly funded under an IHCD program may not engage in inherently religious activities, such as worship, religious instruction, or proselytization, as part of the assistance funded under this part. If an organization conducts such activities, the activities must be offered separately, in time or location, from the assistance funded under this part, and participation must be voluntary for the beneficiaries of the assistance provided.

A religious organization that participates in an IHCD program will retain its independence from Federal, State, and local governments, and may continue to carry out its mission, including the definition, practice, and expression of its religious beliefs, provided that it does not use funds administered by IHCD to support any inherently religious activities, such as worship, religious instruction, or proselytization. Among other things, faith-based organizations may use space in their facilities, without removing religious art, icons, scriptures, or other religious symbols. In addition, an IHCD-funded religious organization retains its authority over its internal governance, and it may retain religious terms in its organization's name, select its board members on a religious basis, and include religious references in its organization's mission statements and other governing documents. An organization that participates in an IHCD program shall

not, in providing program assistance, discriminate against a program beneficiary or prospective program beneficiary on the basis of religion or religious belief.

Funds administered by IHCDCA may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for inherently religious activities. IHCDCA investments may be used for the acquisition, construction, or rehabilitation of structures only to the extent that those structures are used for conducting eligible activities. Where a structure is used for both eligible and inherently religious activities, IHCDCA investments may not exceed the cost of those portions of the acquisition, construction, or rehabilitation that are attributable to eligible activities in accordance with the cost accounting requirements applicable to this part. Sanctuaries, chapels, or other rooms that are used as a principal place of worship, however, are ineligible. Disposition of real property after the term of the award, or any change in use of the property during the term of the award, is subject to government-wide regulations governing real property disposition (*see* 24 CFR parts 84 and 85).

*IHCDCA will match eligible funds with eligible activities. **While IHCDCA is only permitted to invest CDBG funds into a local unit of government, it expects that LUGs will partner nonprofit organizations, CHDOs, public housing authorities and planning commissions in implementing their community solutions. Disaster Recovery Funds may go to eligible LUGS and Subrecipients.

Threshold and Evaluation Criteria

To be considered for funding, an applicant must meet **all** of the criteria listed below. Applications that fail to meet **any** of these criteria will **not** be considered. All required supporting documentation must be included in the application. Applicants that meet threshold will be assessed for strategic fit of a proposed activity, the strength of the sponsor and its development team, and the financial feasibility and readiness of the development. All criteria are weighted equally.

1. The project sponsor must provide documentation as instructed within the Solutions Application. If the Authority requests additional information from the sponsor, all documents are due before IHCDCA staff can proceed with an investment decision.
2. Except for permanent supportive housing projects, activities located within a participating jurisdiction or entitlement community must demonstrate equal and comparable financing from the local unit of government to be considered for an IHCDCA investment.
3. The applicant must have resolved all previous monitoring requirements.
4. All open CDBG and HOME awards provided to the award recipient, sub-recipient and/or

administrator must have made sufficient progress towards setup and completion.

5. IHCDCA reserves the right to disqualify from funding any application where the applicant, sub-recipient, administrator, preparer, or any of their related parties has a history of disregarding the policies, procedures, or staff directives associated with administering any IHCDCA program or programs of other State, Federal, or affordable housing entities, such as, but not limited to the Indiana Office of Rural Affairs, U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture - Rural Development, or Federal Home Loan Bank.

Application Review Process

Each application will be reviewed in a four step-step process:

Step One – Strategic Review

Applicants submit information packet summarizing the development concept and the sponsor's qualifications. An IHCDCA Review Team evaluates the request for its fit with the Authority's strategic priorities as enumerated above.

Step Two – Project Review

Applicants submit information packet substantiating the credentials of the sponsor, the feasibility project, and the proposed timeline. An IHCDCA Review Team will evaluate the strength of the sponsor and its development team, the financial soundness of the development, and its readiness to proceed.

Step Three – Investment Structure

An IHCDCA Review Team develops and proposes an investment strategy. Depending on the source of the investment, applicants will submit additional information in accordance with regulatory guidelines as appropriate.

Preference will be given to applicants that:

1. Demonstrate they are meeting the needs of their specific community.
2. Attempt to reach low and very low-income levels of area median income.
3. Are ready to proceed with the activity upon receipt of the award.
4. Revitalize existing neighborhoods.
5. Propose projects that are energy-efficient and are of the highest quality attainable within a reasonable cost structure.
6. Encourage the use of Indiana contractors, employees, and products when planning their housing activities particularly Minority Business Enterprise and/or Women-Owned Business Enterprise.

IHCDA recognizes that reducing this assessment to a single metric or threshold (e.g., number of findings) ignores the complexity of a deal and its sponsor. Each project assessment is taken in totality based on the expertise of IHCDA staff with a given particular facet. In some instances, deficiency in one area of project assessment may be offset by strengths in another aspect of the review process (e.g., history of proven experience may help mitigate soft cash flows). In other instances, additional supporting documentation may be requested and accepted to mitigate perceived deficiencies in a particular assessment area.

Sponsor Assessment

Underwriting for the capacity of the project sponsor and its development team is done in the context of the applicant and the proposed project given the diverse nature of IHCDA's partners and their activities. Due diligence is based on the expertise of personnel on the project, their performance with IHCDA investments, and the financial position of the sponsor. Expertise is assessed by reviewing qualifications of development team members.

Performance is assessed by reviewing the applicant's ability to take a project from concept to completion including on-going monitoring. Areas of emphasis on performance include funds drawn, project sales or lease-up, compliance with state and federal regulations, and ongoing financial stability through property and asset management. All performance and compliance issues associated with any proposed development team member must be fully satisfied. IHCDA, in its sole discretion, may refuse to consider all or any part of a pending application or a future application until such time as IHCDA decides otherwise when any Development Team member has demonstrated a chronic and/or egregious failure to materially perform or comply with the procedures and requirements of IHCDA or any of its programs.

The financial position of an applicant is assessed by reviewing current and audited financial statements. Focus areas on the financial strength of the project sponsor are cash flow, income sustainability, balance

sheet health and internal controls. IHCDCA reviews certain ratios, including current and debt-to-equity, over a three year period for trend analysis.

Feasibility Review

Financial feasibility of a project is intended to assess its strength and viability to serve low-income residents and its contribution as a community asset beyond any statutory compliance period. In making this determination, IHCDCA shall consider: (i) the market demand for the proposed development activity; (ii) the sources and uses of funds and the total financing planned for the Development; (iii) appraisal (as-is or as-improved as appropriate); (iv) capital needs assessment and energy audit as appropriate; (v) the reasonableness of the developmental and operational costs of the project; and (vi) other factors it may consider applicable. Development and/or operational costs should reflect the nature and true cost of the proposed activity. The underwriting criteria IHCDCA will use to determine the reasonableness and feasibility of a project are based on best practices, industry standards, and comparisons to IHCDCA's portfolio and other applications of similar activity, size, market, and tenure. Evidence of demand may be demonstrated by a current market study or survey conducted by a disinterested party. The analysis will be assessed based upon the description of intended beneficiaries or target populations, demand for the proposed activity and project scope (e.g., waiting list or pre-qualified buyer list) and reasonable projections of a sustainable market.

IHCDCA considers a number of indicators and ratios when assessing the reasonableness and feasibility of development and operational pro formas. The following guidelines are targets and IHCDCA, at its sole discretion, will consider underwriting outside of these guidelines on a case-by-case basis:

- Total Operating Expenses: Minimum operating expense of \$2,500 per unit per year (net of taxes and reserves);
- Management Fee: 5-7% of "effective gross income" (gross income for all units less vacancy rate);
- Vacancy Rate: Applicants should scrutinize the market analysis of the proposed project when estimating the vacancy rate. IHCDCA compares vacancy rates to the performance of similar projects in the market and to similar projects in its portfolio. In general, applicants should expect a vacancy rate between 6%-8%.
- Income and Expense Growth: Given the intent of IHCDCA's public investment, income growth projections should take into account the on-going affordability to the beneficiary as well as the differential below market rents. Operating expenses should grow at least 1% higher than income.
- Operating Reserves: four (4) to six (6) months (Operating Expense plus debt service) or \$1500 per unit (whichever is greater);
- Replacement Reserves: Replacement reserves are used for substantial capital improvements not general maintenance expenses and should be reflected in the operating budget. Contributions to the reserve account typically start at or before the conversion date of the construction loan to permanent loan and must be funded for the term of the loan. Reserve amounts vary based on unit type and construction. For example, sponsors of a single-site, new construction, rental project should expect to budget \$250 per unit whereas sponsors of an historic rehabilitation project should budget at least \$420 per unit. Reserve amounts should

escalate at a rate of 3% per year.

- Stabilized Debt Coverage Ratio: Although stabilization occurs usually in year two, the debt coverage ratio projection for a project should never go below 1.1. Rural projects typically require a higher stabilized debt coverage ratio in order to remain feasible over the life of the development.
- Developments without hard debt are allowed but will be subject to additional scrutiny from IHCD. Developments submitted with no debt will not have a debt coverage ratio but will be required to have a cash flow without having an undue profit. This will be determined by a ratio of Effective Gross Income to Total Annual Expenses (including reserve for replacement). A ratio of 1.15 shall be the minimum required to be considered feasible by IHCD.
- Projects that include “soft” loans (i.e. HOME or HOPE VI loaned to the Development with payments through available cash flow) must demonstrate a reasonable expectation (as determined by IHCD in its sole and absolute discretion) that the loan will be repaid at a date certain (usually eight (8) to fifteen (15) years). If the loan and any outstanding interest is not expected to be paid by the date certain, there must be reasonable expectation that the fair market value of the property will be sufficient at that time to pay the accrued interest and debt and that the net income of the project will be sufficient to sustain debt service.

Readiness Review

IHCD reviews documentation from applicants that demonstrate its readiness to proceed with the proposed project and to complete the project within a reasonable timeframe. Factors demonstrating the applicant’s readiness to proceed include site control, architectural and engineering plans, secured financing, pricing commitments, utility availability, and initiation of environmental and historic review process. Site control may be documented by a long-term lease option, a purchase agreement, or an executed and recorded deed with evidence of proper zoning and clear title. Architectural and engineering plans will be reviewed for (i) placement and orientation buildings, infrastructure, amenities, easements and any potential construction deterrants; (ii) elevations for all buildings, (iii) floor plans for all unit types, common areas, or commercial spaces; and (iv) design elements that reflect neighborhood characteristics, encourage accessibility and visitability, and promote energy conservation. An applicant’s ability to obtain financing may be demonstrated by a letter of interest from a lender acknowledging its review of the proposed project and the anticipated terms of the loan.

Unfunded Applications

Unfunded applicants will receive a notice from IHCD detailing why the application was not funded. Notification will be based upon the notations review committee keeps notations regarding the nature of their reviews and the rationale for rejecting applications. Any application that is not recommended for funding may be resubmitted in another program year at IHCD’s discretion.

Award Manual

The Solutions Award Manual outlines the requirements for administering an IHCD investment that may include federal sources such as CDBG and HOME funds and state sources such as the Affordable Housing

and Community Development Fund. A complete copy of the 2010 Award Manual is available via [IHCDAs website](#).

Award Training

Following the award date, Community Development Representatives will be available to conduct a one-on-one CDBG award training, upon request. This training is required for all applicants, sub-recipients, or administrators who have received fewer than two IHCDAs awards. This training will cover various aspects of the regulatory requirements for administering funds, record keeping, and the forms and reports that must be submitted to IHCDAs.

Activity Guidelines and Regulatory Requirements

Regulatory Provisions for Recipients of Federal Funds

- Any investment of CDBG funds must meet the requirements set forth in 24 CFR Part 570.
- Any investment of HOME funds must meet the requirements set forth in 24 CFR Part 92.
- Recipients of federal funds are required to perform an environmental and historic review on all assisted properties. For the regulatory requirements of environmental and historic review found in [24 CFR Part 58](#), see the Environmental Review and Historic Review User Guides or contact your IHCDAs Community Development Representative for further guidance.
- All applicants are required to complete the environmental review record (ERR) and submit it to the appropriate Community Development Representative prior to or with application submission. Refer to the [Environmental and Historic Review User Guides](#) for further explanation of these requirements.
 - ☐ Local unit of government applicants must publish a notice requesting a release of funds no later than 7 days following the application due date and submit the publisher's affidavit to IHCDAs within 14 days of application due date.
- All applicants must also submit documentation to the IHCDAs DNR-SHPO Housing Liaison requesting the initiation of the historic review process on or before the application deadline (single-site projects ONLY). On average, a historic review may take up to 90 days or more to complete. If the development involves an historic structure, approval may take much longer or rehabilitation may be prohibited entirely. Submitted documentation must be deemed sufficient and complete to meet this requirement.

Required documentation includes:

- ☐ A description of the Federal involvement – use of any federal funds;
- ☐ A description of the undertaking;
- ☐ Description of steps to identify historic properties and information pursuant to Sec. 800.4(b);
- ☐ Determination of affect (Sec. 800.5);

- ☐ Map with area of potential effect (APE) and development site clearly identified;
 - ☐ Clear photographs of all areas that will be affected by the project.
- Applicants may not rehabilitate any property to be assisted with federal funds until the environmental and historic review process has been completed.
- Applicants must demonstrate that it will complete an action to affirmatively further fair housing during the time frame of an award.
- Award recipients will be required to provide proof of adequate builder's risk insurance, property insurance, and/or contractor liability insurance during construction and property insurance following construction for the assisted property throughout the affordability period of the award. Owner-occupied rehabilitation must also stipulate that adequate property insurance be maintained throughout the affordability period in their beneficiary loan documents.
- The applicant must hold one public hearing about the undertaking prior to application submission. Specific requirements must be completed for this meeting, as identified in the Appendices. Additionally, if funded, a second public hearing will be required upon project completion and prior to the submission of the award closeout documents.
- Recipients of federal funds must follow competitive procurement procedures for all costs intended to be reimbursed by the award.
- Recipients of federal funds are subject to the requirements of the Uniform Relocation Act. See the Appendices for guidance on the regulatory requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended, and Federal regulations at [49 CFR Part 24](#) and the requirements of [Section 104\(d\) of Title I of the Housing and Community Development Act of 1974, as amended](#).
- The housing must meet the accessibility requirements of [24 CFR Part 8](#), which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covers multifamily dwellings, as defined at [24 CFR 100.201](#). It must also meet the design and construction requirements at [24 CFR 100.205](#), which implement the Federal Fair Housing Act Amendments of 1988 (42 U.S.C. 3601-3619). See IHCD's Award Manual for guidance on the regulatory requirements of Section 504 Accessibility Standards.
- Recipients of federal funds are subject to the HUD requirements of dealing with lead-based paint hazards required by [24 CFR Part 35](#). If a risk assessment is required, then all lead-based paint issues must be addressed within the area of rehabilitation. See IHCD's Award Manual for guidance on the regulatory requirements of lead-based paint.

Subsidy Limitations

- While there is no cap on a total project request, applicants must adhere to the most current 221(d)3 subsidy limits appropriate for income targets and unit size. IHCD, at its sole discretion, will only invest an amount it deems necessary to ensure the financial feasibility of a project.
- Funds budgeted for program delivery, administration, and environmental review may not exceed 20%.